

PERSonnel UPDATES

The Newsletter for Authorized Agents & Personnel/Payroll Officers

Editor: Rebecca Fricke

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NDPERS
400 E Broadway Ave Suite 505
Bismarck ND 58501
Telephone (701) 328-3900
www.discovernd.com/ndpers

Events/Mailings

Rosey Sand Elected to NDPERS Board

Rosey Sand has been elected to a 5 year term as the active member representative on the NDPERS Board.

The following outlines the results of the election:

Rosey Sand	2,050
Write-In	20
Undecided/Not Clear	<u>22</u>
Total	2,092

Employer Handbook Revisions

The employer handbook revisions were mailed to participating employers in June. If you did not receive your copy, please contact the NDPERS office to request one.

Annual Statements

The 2001-2002 Annual Statement of Account for NDPERS active and deferred members will be mailed the first week of August.

An insert sheet called "Reading Your Annual Statement" will accompany each statement. This sheet navigates the reader through the annual statement and will address most general questions. Please encourage your employees to review the "Reading Your Annual Statement" with their actual statement before calling the NDPERS office.

If any of your employees do not receive an annual statement by the middle of September, please check with the NDPERS office in case the statement was returned due to an incorrect address. Returned annual statements are sent to the member's employer for distribution.

Membership Eligibility Poster & Brochure

If you participate in the NDPERS Defined Benefit Plan, enclosed with this newsletter are two additional pieces of information. The first is a brown poster regarding mandatory participation in the plan. NDPERS asks that you display this poster in a common employee area, such as a break room, as a reference source for your employees. The second item included is an eligibility brochure. This is an employer reference brochure that outlines the participation requirements for the plan. You may want to file it in your Inside NDPERS Employer Handbook as a quick reference source for you.

Annual Enrollment Schedule – 2003 Plan Year

Life and Voluntary Insurance Plans

The annual enrollment for the life and voluntary insurance plans, which includes the dental, long term care and the new vision plan, will begin October 1, 2002. Coverage is effective January 1, 2003 for the dental and vision plans and upon approval by the carrier for the life insurance and long term care plans.

All voluntary insurance plans are available to eligible employees of state agencies and the university systems only. The eligibility criteria are the same as that for participation in the group health plan. The employee must be at least 18 years of age, work at least 17 ½ hours per week for five (5) or more months a year, and be in a regularly funded position that is not of limited duration. At this time employees of county, city, school or health districts are not eligible to participate in the voluntary insurance plans.

The next issue of the PERSpectives newsletter will contain an article that

notifies members of the Board's selection of vendors for the voluntary insurance plans and references the upcoming enrollment for these plans. We will send e-mails to each agency's authorized agent to distribute to your employees and will mail an enrollment kit to each eligible employee's home address in late September. Our office is also considering the idea of conducting benefit information meetings on the voluntary insurance plans. If we decide to have enrollment meetings, we will communicate this information to you and also include it in the enrollment kit.

Plan information and forms will be available after October 1st on our website at www.discovernd.ndpers. Select "Insurance Plans" on the menu for benefit information and the "Employer Information" section to obtain forms.

FlexComp Plan - (excludes Higher Education)

The annual open enrollment for the FlexComp 2003 plan year for employees of state agencies and participating district health units will be from October 1, 2002 through November 15, 2002. The employee must be at least 18 years of age, work at least 17 ½ hours per week for five (5) or more months a year, and be in a regularly funded position not of limited duration. Information will be included in the enrollment kit along with the life and voluntary insurance plan materials scheduled to be mailed in late September. Plan information and forms will be available October 1st on our website at the above referenced address. Select "FlexComp" on the menu for benefit information and the "Employer Information" section to obtain forms.

If you have any questions regarding the FlexComp annual open enrollment, please contact Sharon at (701) 328-3910 or toll free (800) 803-7377.

Odds & Ends

Compliance Issue for Non-Central Payroll Departments Only

When verifying employees deferred compensation contributions deducted from their paychecks to the provider company that the participant is participating with, our Deferred Compensation Accountant, Linda, has found that contributions are arriving

past the time required by our administrative rules. This is a compliance issue and must be corrected by those employers who are sending the contributions in late to the provider companies.

Refresher:

NORTH DAKOTA ADMINISTRATIVE CODE, SECTION 71-04-05-02 STATES THAT "PAYROLL DEDUCTIONS MUST BE REMITTED TO THE PROVIDER PRIOR TO THE TENTH OF EACH MONTH."

Employers violating our administrative agreement and the administrative code as a result of the employer's neglect, is in violation of the law and is subject to termination from our plan.

If you have any questions, please feel free to call Linda Monte at (701) 328-3945.

Transfers of Employment Between Participating Employers & Sick Leave Conversion

A revision to the ND Administrative Rules now allows NDPERS to retain information regarding the number of unused sick leave hours available at the time of the transfer for future use when the member terminates employment. The change would allow the person to convert (purchase) unused sick leave hours upon termination of employment by using the total unused sick leave hours on file from both employers. However, the amount that can be converted from the old employer can only be sick leave that the new employer would not transfer/accept when the employee transferred to their agency. Please keep in mind that the conversion of sick leave and purchase provisions are only available to NDPERS Defined Benefit Retirement Plan members.

Here's an example of how this would work:

Jon transferred from the Bismarck Public School District into the Department of Transportation (DOT). Both employers participate in the NDPERS Defined Benefit Retirement Plan. Jon had 400 hours of unused sick leave hours with Bismarck Public School District that his new employer (DOT) would not accept when he began employment. Jon can notify NDPERS in writing of his wish to have the 400 hours recorded at NDPERS so that when he terminates in the future, he can add 400 hours to his

unused DOT sick leave and convert (purchase) the entire amount for retirement service credit.

The Administrative Rules do have certain requirements that must be met. These include:

- 1) The new employer certifies that it will not transfer/accept the sick leave.
- 2) The former employer verifies the final number of unused sick hours as of the date of termination or transfer.
- 3) The certification must be received at NDPERS within 60 days of the member beginning employment with the new employer.

NDPERS is developing a form to be utilized in this process. In the meantime, if you have an interested employee transferring or other questions about sick leave conversion, please contact Rebecca Fricke at (701) 328-3911.

Return to Work and Retirement Eligibility

The following outlines NDPERS return to work provisions:

To be eligible for retirement benefits, a member must terminate employment. The North Dakota Administrative Code Chapter 71-02-01-01(24) defines "Termination of Employment" as a severance of employment by not being on the payroll of a covered employer for a minimum of one month. An approved leave of absence, prior arrangements or an agreement to return to work with a current employer does not constitute a termination of employment.

If a member does return to work with a PERS participating employer after one month and is an employee on payroll, then the following applies:

Mandatory Participation:

If an employee works a minimum of 20 hours per week for five or more months of the year, is at least 18 years of age, filling a permanent position that is regularly funded and not of limited duration, and is not a non-classified state employee, the employee must participate in the defined benefit plan.

Optional Participation:

If an employee is not covered under the above provisions, he/she may elect to participate in NDPERS within

the first 180 days of employment, or within 180 days of changing to part-time or temporary employment.

The N.D.C.C. § 54-52 states that an employer shall contribute to NDPERS for a participating member. A participating member is defined as an eligible employee, and an eligible employee is defined as stated above under Mandatory Participation.

If a member retires and then returns to service with a participating employer in a permanent position that is regularly funded and not of limited duration, the member's hours must be restricted if he/she wishes to continue receiving a pension benefit. The member's service must be limited to less than 20 hours a week if employed more than five months a year. A member may work more than 20 hours a week if employed less than five months a year or is not filling a permanent position that is regularly funded and not of limited duration.

If the member is hired as an "optional participant", he/she should waive participation if he/she wishes to continue receiving a pension benefit.

If a member is hired but is not an employee of the PERS employer, such as an independent contractor or hired through another agency/company, then the member is not considered "an employee" and therefore, not subject to the above provisions.

If you plan to hire a member who is or will be drawing a pension benefit from PERS, it may be in that member's best interest to contact the PERS office prior to accepting a position.

Planning for the Unforeseeable

DISABILITY RETIREMENT BENEFITS

After a member has accumulated six months of service credit in NDPERS, he/she is covered under the long-term disability program. To be eligible for NDPERS disability retirement benefits the following must apply:

- Member's disability must have occurred during a period of eligible employment.
- Member must be unable to engage in any substantial gainful activity due to a medically determinable physical or mental impairment expected to result in death or which will or has lasted for a continuous

period of not less than twelve months.

- Member must submit a written application for disability retirement benefits to the NDPERS office within twelve months of termination due to disability.

A medical advisor is hired by the NDPERS Board and is responsible for making disability eligibility determinations for the Board. A member who qualifies for Social Security Disability benefits and submits a completed NDPERS application for disability retirement benefits, with a copy of the Social Security Notice of Award letter, will be deemed eligible for NDPERS disability benefits without requiring a determination from the medical advisor.

Disability Payments

Defined Benefit Members:

If a member is deemed eligible for NDPERS disability benefits, he/she will receive 25 percent of his/her final average salary each month for as long as he/she is disabled under the basic disability payment option. The minimum basic disability benefit is \$100 per month. This payment will not be reduced by any other benefits received as a result of the disability.

Disability benefits are funded by employer's contributions. Payment of a disability benefit does not reduce a member's account balance until he/she attains age 65.

Defined Contribution Members:

This benefit is payable only in the event a member experiences a long-term disability that prevents he/she from working and terminates when his/her account balance is depleted.

PRE-RETIREMENT SURVIVING SPOUSE BENEFITS

The Public Employees Retirement System provides a death benefit for members who die before they terminate employment.

Defined Benefit Members:

If a member is not "vested" and/or single at the time of death, his/her member account balance will be paid in a single lump sum payment to the beneficiaries on record.

If a member is vested in the defined benefit plan, married, and designated a surviving spouse as his/her beneficiary, the member's spouse will be able to choose from one of the following payment options:

- A single lump sum payment refund/rollover of the member's account balance.
- 60 monthly payments in an amount equal to what the member would have received as a Single Life Retirement Benefit;
- Monthly payments of one-half of the member's Single Life Retirement Benefit for the surviving spouse's lifetime.
- Monthly payments in an amount equal to the member's accrued 100% Joint and Survivor retirement benefit (*available only if the member reached normal retirement age prior to date of death*).

Defined Contribution Members:

If a member dies before any or all benefits are paid, then the beneficiary or beneficiaries on record will be entitled to receive the member's vested account balance.

MEMBER'S ASSIGNMENT

Consult the following for further details on the NDPERS long-term disability program and pre-retirement death benefits: 1) Review the Group Retirement Handbook mailed to each member's residence in August 2001 or access a copy on our website at www.discovernd/ndpers. 2) Review individual annual statements issued each August for the accrued benefit available.

The long-term disability program is provided to supplement Social Security Disability. If a member finds that NDPERS and Social Security disability benefits will not provide him/her with an adequate income should they become disabled, the member should take the necessary steps to improve his/her supplemental savings.

Members should review their pre-retirement death benefits and retirement provisions. If a member finds themselves in a position where he/she is diagnosed with an illness or condition that may jeopardize their health, he/she needs to consider terminating employment and applying for disability or retirement benefits. Disability, pre-retirement and post-retirement benefits have different

payment levels that will affect a surviving spouse's beneficiary benefits, such as: amount of monthly income, health insurance credit, and length of health insurance coverage.

Confidentiality

At the 2001 payroll conference, we discussed the change in state law that makes PERS information held by the employer confidential. This article is just a refresher of the items discussed. The types of information that are confidential include the following:

- 1) All member-specific retirement information for the defined benefit plan, the defined contribution plan and the deferred comp program.
- 2) All member-specific information about employee premium payments, salary reduction amounts, types of insurance taken and history of any available insurance coverage.
- 3) All member-specific information relating to the FlexComp Program.

Since the discussion at the payroll conference, we have been asked what this means for each agency. Essentially the confidentiality provisions do not change your agency's ability to use this information for the administration of the PERS programs.

However, what it does mean is that member-specific information cannot be used or provided to anyone for any purpose other than for PERS administrative functions. For example, you can not provide the information to an agency manager who inquires as to which employees are in the defined benefit plan (DB) and which employees are in the defined contribution plan (DC). The use of the information in this manner is a violation of the confidentiality statute since it does not relate to PERS administration.

The key here is member-specific information and its disclosure. Aggregated PERS data is not confidential. Aggregated data is information that is not member specific and does not disclose any information about a specific member. Relating to the above example you can provide summary information on the participation rate in the DB plan and DC plan to a manager as long as you had sufficient numbers of eligible individuals and that the disclosure will

not provide any member-specific information.

We want you to be aware of this responsibility since a violation of this provision is a Class C felony. As the authorized agent for PERS, we also ask that you make all agency personnel who assist you in the PERS administration function aware of this confidentiality requirement. This provision means that we are all bound not to reveal confidential information to anyone even in the most casual or unintended manner. If you do receive requests for PERS information about a specific individual, please ask the person to prepare a written request and direct it to the attention of the Executive Director of PERS. Our office will review the request and respond accordingly.

The NDPERS Retirement Benefit Calculation Computer Program Has Changed

Due to revised Joint & Survivor factors for the Defined Benefit Retirement Plan, the Benefit Calculation Computer Program was updated. The new program is labeled V4.0. Older versions labeled V3.0 should be destroyed. The new version is available under either the News section or the Retirement Plans section of the NDPERS website or by contacting the NDPERS office.

When Visiting the NDPERS Office

Please advise your staff to make an appointment before stopping by the NDPERS office. Although staff will accommodate walk-ins when possible, an appointment will ensure that someone is available to assist a member at the time he/she arrives. An appointment also allows staff to prepare appropriate benefit information for individual needs.

Board Meeting Highlights

The NDPERS Board reviewed and/or took action on the following items:

March 21, 2002

- Discussed the NDPERS future goals and objectives for all NDPERS Group Retirement Plans.
- Approved the minimum participation requirements for the health plan effective May 1st for all current and new political subdivisions.

- Approved proposed legislation for NDPERS plans.

April 18, 2002

- Approved the disability consulting contract with Mid-Dakota Clinic.
- Approved an asset allocation study based upon current market assumptions and goals previously selected be performed for the Defined Benefit Main System Plan and the Retiree Health Plan.
- Discussed Request for Proposals for the Voluntary Insurance Programs (Long Term Care, Vision and Dental).
- Approved the Plan Documents for the NDPERS Defined Contribution Plan, the NDPERS Deferred Compensation Plan and the NDPERS Companion Plan.

May 30, 2002

- Discussed Requests for Proposals received for the Voluntary Insurance Programs.
- Reviewed the NDPERS Health Plan as it relates to the Health Insurance Portability and Accountability Act of 1996 (federal law).
- Discussed the Legislative Employee Benefits Committee meeting that had been held to review all proposed legislation submitted.

Complete meeting minutes are available under the News section of the NDPERS website.

This newsletter is intended to provide general information and may not be considered to be a legal interpretation of law. Statements contained in this newsletter do not supersede the North Dakota Century Code or Administrative Code or restrict the authority granted to the Retirement Board. This information is subject both to changes made by the legislature and rules and regulations established by the Board of the North Dakota Public Employees Retirement System.

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File this issue behind the
PERSONNEL Newsletter Updates tab
in your INSIDE NDPERS Handbook.